



Center for Medicaid and State Operations
Disabled and Elderly Health Programs Group (DEHPG)

October 6, 2004

Mr. Gary Fuquay
State Medicaid Director
Division of Medical Assistance
2501 Mail Service Center
Raleigh, North Carolina 27699-2501

Dear Mr. Fuquay:

We are pleased to inform you that your request for new Medicaid concurrent waivers to provide home and community-based services as authorized under Section 1915(c), and mental health, substance abuse, and developmental disabilities services to individuals in Cabarrus, Davidson, Rowan, Stanley, and Union counties of North Carolina under section 1915(b) of the Social Security Act, has been approved. Our approval of the Home and Community-Based Services Waiver and Selective Contracting waiver is based on the fact that all statutory and regulatory requirements of both waivers have been met.

1915(c)

The 1915(c) waiver, Piedmont Innovations, was developed under the parameters of the *Independence Plus* initiative, and provides home and community-based services to individuals with mental retardation and developmental disabilities who meet an Intermediate Care Facility for the Mentally Retarded (ICF/MR) level of care. Based on your application of July 9, 2004, as well as supplemental information provided, we approve the 1915(c) concurrent waiver for a 3-year period effective April 1, 2005, through March 31, 2008. The 1915(c) waiver has been assigned control number 0423-IP, which should be used on all future correspondence relating to the 1915(c) waiver. Approval of the 1915(c) waiver provides for a waiver of Sections 1902(a)(1) and 1902(a)(10)(B) of the Social Security Act regarding Statewideness and Comparability of Services.

The following estimates of unduplicated recipients and average per capita costs of waiver services for the 1915(c) waiver have been approved:

<u>Year</u>	<u>Unduplicated Recipients</u>	<u>Factor D</u>
1	440	\$92,464
2	455	\$94,313
3	455	\$96,200

With regard to the 1915(c) waiver, approval is subject to your agreement to serve no more than the number of individuals indicated above. If North Carolina wants to serve a larger number of unduplicated recipients or make alterations to this waiver, an amendment must be submitted for approval. Further, upon implementation of Piedmont Innovations, North Carolina must amend its current community alternative program (CAP) MR/DD waiver to reflect that the counties in Piedmont's 5-county catchment area will no longer participate in the CAP MR/DD waiver.

1915(b)

We approve the 1915(b)(4) waiver for a 2-year period beginning April 1, 2005, through March 31, 2007. For future reference, the 1915(b)(4) waiver has been assigned waiver number NC-04-09. The approval includes waiver of Sections 1902(a)(1), 1902(a)(10)(B), and 1902(a)(23) of the Social Security Act regarding Statewideness, Comparability of Services and Freedom of Choice of Providers.

The decision to approve this waiver is based on evidence submitted to the Centers for Medicare & Medicaid Services (CMS) demonstrating that the State's proposal is consistent with the purposes of the Medicaid program, meets the applicable statutory and regulatory requirements for assuring beneficiaries' access to care and quality mental health and substance abuse services, and will be a cost-effective means of providing these services to Medicaid beneficiaries in Cabarrus, Davidson, Rowan, Stanley and Union counties of North Carolina. Please note that the 1915(b)(4) waiver approval is contingent on the following conditions:

1) Independent Assessment

The State must arrange for an independent assessment of the 1915(b)(4) waiver program with respect to access to care, quality of services, and cost effectiveness. The document should be a detailed, comprehensive assessment of the waiver program covering the 2-year waiver period. The independent assessment will have to be commissioned early enough for the evaluation to cover as much of the 2-year period of the waiver as possible. However, the independent assessment must be included as part of a waiver renewal application. The State may choose to share a planning document for the independent assessment with CMS prior to the start of the assessment.

2) Expenditure Reporting

CMS would like to remind the State that the present 1915(b) cost effectiveness test will be required for all subsequent renewals or amendments of this waiver. The State should ensure that it reports all expenditures quarterly on the CMS-64 following this approval. CMS Central Office and Regional Office staff are available to provide technical assistance in this area should you need it.

Program Renewal

These concurrent waiver programs are authorized under different sections of the Social Security Act. The 1915(c) approval is for 3 years, and the 1915(b) approval is for 2 years. The renewal applications must be submitted to CMS 90 days prior to the respective expiration dates of the waivers.

We appreciate the effort and cooperation provided by you and your staff during our review of your application packet. If you have any questions regarding these waiver approvals, please contact Pat Prete at (410) 786-3246, or Gregg Ukaegbu at (410) 786-5133 in the CMS Central Office in Baltimore, Maryland. Your CMS Atlanta Regional Office contacts are Jessie Spillers who can be reached at (404) 562-7418, and Ron Reed at (404) 562-7468.

Sincerely,

/s/

Edward T. Hutton
Acting Director
Division of Integrated Health Systems

/s/

Michael Fiore
Acting Director
Division of Benefits, Coverage and Payment

cc:

Judy Walton, NC Medicaid Office
Spillers, Jessie, Atlanta Regional Office
Ron Reed, Atlanta Regional Office
ARA, Atlanta Regional Office